

**Alabama Trust Fund
Board of Trustees Meeting
August 20, 2020
Zoom Meeting**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on August 20, 2020. The meeting was called to order at 10:00 AM by Secretary, McMillan. In accordance and compliance with Governor Ivey's first supplemental Statement of Emergency dated March 18, 2020, as amended, the meeting was held by video conference with access posted on the Secretary of State's meeting notice in order to allow the public to listen to, observe or participate in the meeting. The roll was called by Secretary McMillan and recorded as follows with a quorum present.

Present:

Mr. John McMillan, Secretary
Mr. Guice Slawson, Jr
Mr. Daniel Hughes
Mr. Stacy Faison
Mr. John Hornsby

Absent:

Governor Kay Ivey, Chair
Mr. Kelly Butler, Vice Chair
Dr. Sandra Sims-deGraffenried
Mr. Edgar Pruitt

The first decision item was the review and approval of the minutes of May 21, 2020. Upon a motion made by Mr. Hughes, and a second by Mr. Hornsby, the reading of the minutes was dispensed and were approved as presented.

Mr. McMillan then reviewed the quarterly financial reports. He noted the Balance Sheet as of June 30, 2020, indicates total assets of \$3.17 billion, a decrease of approximately \$75.7 million from the previous quarter end. Mr. McMillan noted the decrease was due to the increase in distributions and the decrease of royalties received last quarter. Total capital is \$3.13 billion. The Statement of Revenues and Expenditures indicates total revenues of \$26.4 million and total distributions of \$68 million. Oil and gas receipts for the quarter were \$5.6 million. The remainder of the financial reports were reviewed and received as information.

Ms. West, Callan LLC, presented the quarterly investment performance measurement report and market overview. Asset allocation was within rebalancing ranges. The portfolio had an overweight to Large Cap Equity and underweight to Real Estate and Hedge Fund of Funds. The return for the quarter was up 13.6 percent beating the benchmark by 1.7 percent. Ms. West noted the Fixed Income and International managers added value this quarter. The one-year return was a positive 3.38 percent. Ms. West then reviewed the returns by manager.

Ms. West reviewed the flash report for July. The fund had unrealized gains of \$121 million. The fund overall is \$3.3 billion. The fund was up 3.78 percent for the month of July, beating the benchmark by 50 bps.

On the watch list, Ms. West made the recommendation for Heitman, Western Asset, and Intech to remain on the watch list. Upon a motion made by Mr. Hughes and second by Mr. Slawson, the recommendation was approved.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 13.17 percent, beating the benchmark by 1.5 percent. Ms. West noted, the Fixed Income and Large Cap Equity managers added value this quarter. The one-year number is positive 4.15 percent beating the benchmark by 11 bps.

The July flash report for the CMT indicates unrealized gains of \$18 million and the fund overall is \$517 million. The fund was up 3.63 percent, beating the benchmark by 46 bps for the month.

Under Other Business, Ms. Westbrook, Heitman, made the introduction for the company. Mr. Keane, Heitman, then presented the Board with an overview of the portfolio's performance as well Heitman's plans going forward.

There being no other business, the meeting was adjourned.

Approved on November 19, 2020.

Kelly Butler, Vice Chair

John McMillan, Secretary

**Resolution of the Alabama Trust Fund Board of Trustees
at its meeting held May 21, 2020**

Topic: Approval of Watch List

WHEREAS, the Board of Trustees (herein the “Board”) are the trustees of the Alabama Trust Fund created in Section 3 of Amendment 450 of the Constitution of Alabama of 1901, as amended (the “Act”); and

WHEREAS, the Board has engaged and relies on Callan Associates, Inc. (herein “Callan”) as its investment consultant; and,

WHEREAS, Callan LLC recommends to the Board for Heitman to remain on the Watch List due to performance with the expected removal date of February 2021.

WHEREAS, Callan LLC recommends to the Board for Western Asset to remain on the Watch List due to organizational changes with the expected removal date of February 2021.

WHEREAS, Callan LLC recommends to the Board to add Intech to the Watch List due to performance with the expected removal date of May 2021.

NOW, THEREFORE, BE IT RESOLVED, the Board has approved the watch list as presented by Callan.